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15 December 1961

Mr. Phillip S. Hughes
Assistant Director for
Legislative Reference
Bureau of the Budget
Executive Office Building
Washington 25, D. C.

Dear Mr. Hughes:

This Agency has reviewed the draft of the Communications Satellites Act forwarded in your memorandum of 14 December 1961. Our review has not resulted in any comments, suggestions or objections to the proposed legislation in its present form.

We appreciate the opportunity of reviewing this Act in draft form.

Sincerely,

John S. Warner
Legislative Counsel

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cc: OSI
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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D.C.

December 14, 1961

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Central Intelligence Agency

SUBJECT:

Draft bill - Communications Satellites Act. (submitted by NASA)

The Bureau of the Budget would appreciate receiving the views of your agency on this proposal before advising on its relationship to the program of the President.

() In order to permit expeditious coordination and clearance in accordance with Circular A-19, it is requested that your reply be made within thirty days.

() Special circumstances require that this be handled as a priority matter and that your views be received within two weeks.

(xx) This is a matter of extreme urgency and your views are requested by ~~us as soon as possible~~ December 15, 1961

Questions should be referred to
of the Budget, Code 113, Extension 751.

Mr. H.N. Jasper

Bureau

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Phillip D. Hughes
Assistant Director for
Legislative Reference

Enclosures

Copy draft material

EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington 25, D.C.

December 8, 1961

LEGISLATIVE REFERRAL MEMORANDUM

To: Legislative Liaison Officer

Department of State
Department of Defense
Department of Justice
National Aeronautics and
Space Administration


Federal Communications Commission
U. S. Information Agency
Office of Emergency Planning
Office of Science Advisor

Subject: Draft bill - Communications Satellites Act

The attached material, which is self-explanatory, was prepared by the National Aeronautics and Space Council in consultation with representatives of the above agencies. Additional copies are available in the agencies.

The Bureau of the Budget would like to have a formal expression of agency views on the draft bill. In view of the nature of the proposal and the circumstances of its development, we would appreciate receiving your replies by the close of business, Friday, December 15, 1961.

Questions should be referred to Herbert N. Jasper, Bureau of the Budget, Code 113, extension 751.


Phillip S. Hughes
Assistant Director for
Legislative Reference

Enclosure

SUMMARY OF PROVISIONS: COMMUNICATIONS SATELLITE ACT

1. The proposed Communications Satellite Act would provide for the establishment, ownership, operation, and regulation of a commercial satellite system.
2. This draft bill would translate into legislation the policies expressed by the President in his statement of July 24, 1961, regarding a communications satellite system. Among the policy requirements included in this bill are global coverage, cooperation with other countries, expeditious development of an operational system, provision of service to economically less developed countries as well as to more highly developed countries, efficient and economical use of the frequency spectrum, non-discriminatory access to the system by authorized users, maximum competition in the acquisition of equipment and services utilized by the system, and strengthening of competition in the communications industry.
3. The bill would authorize the establishment of a privately owned corporation, which would be operated for profit and which would be financed through investment from common carriers as well as other companies and individuals. No investor would be permitted to own more than 15 percent of the authorized common stock or more than 25 percent of the outstanding common stock. No limitation is placed on the amount of non-voting securities which may be owned by any individual investor. Provision is made against domination of the corporation either through investment or through the election of directors. *D.C. Laws
10,000 shares
@ \$100,000
per*
4. The bill would not preclude the creation of additional satellite systems if required to meet unique governmental needs or if otherwise required in the national interest. Moreover, it provides that the United States Government may contract directly with the communications satellite corporation for communications services.
5. The purposes and powers of the corporation would include: furnishing, for hire, channels of communication to authorized users; ownership of satellites, ground terminals, and other facilities necessary for its operation, management, and interconnection with terrestrial communications systems; conducting or contracting for research and development; and purchasing satellite launching and related services from the U. S. Government.
6. The bill would provide authority and responsibility for the President, as well as for agencies of the Executive Branch of the Government, in supervision, regulation, guidance, and assistance, to assure that the policies and purposes of the Act would be carried out effectively.

November 30, 1961



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November 30, 1961

COMMUNICATIONS SATELLITES ACT

AN ACT

To provide for the establishment, ownership, operation and regulation of a commercial communications satellite system, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I - - SHORT TITLE, DECLARATION OF POLICY, AND DEFINITIONS

Short Title

Sec. 101. This Act may be cited as the "Communications Satellites Act of 1962."

Declaration of Policy and Purpose

Sec. 102. (a) The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellites system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communication needs of the United States and other countries, and which will contribute to world peace and understanding.

(b) The new and expanded international communications services are to be made available as promptly as possible and are to be extended to

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provide global coverage at the earliest practicable date. In effectuating this program, care and attention will be directed toward providing such services to economically less developed countries and areas as well as those more highly developed, toward efficient and economical use of the electromagnetic frequency spectrum, and toward the reflection of the benefits of this new technology in both quality of services and charges for such services.

(c) In order to facilitate this development and to provide for the widest possible participation by private enterprise, United States participation in the global system shall be in the form of a private corporation, subject to appropriate governmental regulation. It is the intent of Congress that all authorized users shall have nondiscriminatory access to the system; that maximum competition be maintained in the provision of equipment and services utilized by the system; and that the corporation created by this Act be so organized and operated as to maintain and strengthen competition in the provision of communications services to the public.

(d) It is not the intent of Congress by this Act to preclude the creation of additional communications satellite systems, if required to meet unique governmental needs or if otherwise required in the national interest.

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Definitions

Sec. 103. As used in this Act, and unless the context otherwise requires--

(1) The term "communications satellite system" refers to the complex of physical devices and institutional organizations whose purpose is to transmit telecommunication information in the communications satellite space service and encompasses the satellite terminal stations, communications satellite stations, communications satellites and specialized associated ground equipment for tracking, guidance, and command functions not a part of generalized launch, tracking, and command facilities for all space purposes, and such other facilities as are necessary to its effective operation and management and interconnection with terrestrial communications systems; and,

(2) the term "satellite terminal station," defined as an earth station in the communications satellite space service, refers to the complex of communication equipment which receives from or transmits to terrestrial communication systems for relay via communications satellite stations, and includes coding devices, traffic control or tracking computers and antennas; and,

(3) the term "communications satellite" means an earth satellite which is intentionally used to reflect or relay radiocommunication signals in the space service; and

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(4) the term "associated equipment and facilities" refers to facilities other than satellite terminal stations and communications satellites or communications satellite stations, to be constructed and operated for the primary purpose of a communications satellite system, whether for administration and management, for research and development, or for direct support of space operations, including interconnection with terrestrial communication systems; and

(5) the term "research and development" refers to the conception, design, and first creation of experimental or prototype operational devices peculiar to the operation of a communications satellite system, including the assembly of separate components into a working whole, as distinguished from the term "production," which relates to the construction of hardware to fixed specifications compatible with repetitive duplication for operational applications; and,

(6) the term "management" refers to the policy control of the business of a space communications system, while the term "operation" refers to the continuing administration and technical conduct of the business of the space communications system; and

(7) the term "telecommunication" means any transmission emission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, radio, optical or other electromagnetic systems; and

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(8) the term "communications satellite space service" means a space service using communications satellites; and,

(9) the term "communications satellite station" means a space station in the communications satellite space service on board a communications satellite; and,

(10) the term "earth station" means a station in the space service located either on the earth's surface, on board a ship, an aircraft, or a space vehicle; and,

(11) the term "space service" means a service of space radiocommunication between earth stations and space stations, or between space stations; and,

(12) the term "space stations" means a station in the space service intended to be used in outer space.

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TITLE II -- FEDERAL COORDINATION, PLANNING AND REGULATION

Implementation of Policy

Sec. 201. In order to achieve the objectives and to carry out the purposes of this Act --

(a) The President shall, with appropriate assistance from the National Aeronautics and Space Council

(1) plan, develop and supervise the execution of a national program for the establishment, as expeditiously as possible, of a commercial communications satellite system;

(2) provide for continuous review of all phases of the development and operation of such a system, including the activities of the corporation authorized under Title III of this Act (hereafter called the "Corporation");

(3) coordinates the activities of governmental agencies with responsibilities in the field of international communication, so as to insure that there is full and effective compliance at all times with the policies set forth in this Act.

(4) exercise general supervision over all negotiations, arrangements and agreements of the Corporation with foreign governments or entities or with international bodies;

(5) ensure that timely arrangements are made for foreign participation in the establishment and use of a communications satellites system, and for the most constructive role for the United Nations.

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(6) take all necessary steps to ensure the utilization and availability of the communications satellite system for general governmental purposes which do not require a separate communications satellite system to meet unique governmental needs;

(7) so exercise his authority as to ensure effective and efficient use of the electromagnetic spectrum, and the technical compatibility of the system with existing communications facilities both in the United States and abroad;

(8) designate an official or officials of the Government to assist in the accomplishment of the purposes of this Act who shall have access to all books, records, papers, correspondence and files of the Corporation, shall have the right to attend any and all meetings of the Board of Directors of the Corporation, and shall make certain that what is being done and what needs to be done, both by the Corporation and by departments and agencies of Government, are known at all times to the President and that recommendations are made to him, whenever necessary, to attain full compliance with the national policy regarding international communications through space satellites.

(b) The National Aeronautics and Space Administration (NASA) shall

(1) advise the FCC on technical characteristics of the communications satellite system;

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(2) coordinate its research and development program in space communications with the research and development program of the Corporation;

(3) assist the Corporation in the conduct of its research and development program by furnishing to the Corporation, on a reimbursable basis, such satellite launching and associated services as the Administration deems necessary for the most expeditious and economical development of the communications satellite system;

(4) consult with the Corporation with respect to the technical requirements of the communications satellite system;

(5) furnish to the Corporation, on a reimbursable basis, satellite launching and associated services required for the establishment, operation, and maintenance of the communications satellite system, approved by the FCC and by NASA;

(6) to the extent feasible, furnish other services, on a reimbursable basis, to the Corporation in connection with the establishment and operation of the system.

(c) The Federal Communications Commission (FCC), in its administration of the provisions of the Communications Act of 1934, as amended, and as supplemented by this Act, shall

(1) ensure effective competition in the procurement by the Corporation of apparatus, equipment, and services and, to this end, shall prescribe appropriate rules and regulations;

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(2) ensure that all present and future communications common carriers shall have nondiscriminatory use of, and equitable access to, the communications satellite system on just and reasonable terms and conditions and regulate the manner in which available facilities of the system are allocated among such users thereof;

(3) in any case where the Secretary of State has certified that commercial communication to a particular foreign point by means of the communications satellite system should be established in the national interest, institute forthwith appropriate proceedings under Section 214(d) of the Communications Act of 1934, as amended, to require the establishment of such communication by the appropriate common carrier or carriers;

(4) ensure that facilities of the communications satellite system are technically compatible and interconnected operationally with existing communications facilities;

(5) prescribe such accounting regulations and systems and engage in such rate-making procedures as will ensure that any economies made possible by a communications satellite system are appropriately reflected in rates for public communication services;

(6) after consultation with the Executive Branch agencies concerned, and receipt of their recommendations, specify technical characteristics of the operational communications satellite system to be employed by the Corporation.

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TITLE III--CREATION OF THE "UNITED STATES COMMUNICATION
SATELLITE CORPORATION".

Creation and Name of Corporation

Sec. 301. There is hereby authorized to be created a corporation for profit, to be known as "United States Communications Satellite Corporation." The Corporation shall be subject to the provisions of this Act and to the extent consistent with this Act to the District of Columbia Business Corporation Act.

Process of Organization

Sec. 302. The President of the United States shall designate incorporators who shall arrange for an initial stock offering and take whatever other actions are necessary to establish the Corporation,

Directors and Officers

Sec. 303. (a) The Corporation shall have a board of directors consisting of not less than nine or more than thirteen members, elected annually by stockholders, subject to such restrictions as are provided in Subsection (c) of this Section. The board shall annually elect one of its members as chairman. Only individuals who are citizens of the United States are eligible to be members of the board.

(b) The Corporation shall have a president, and such other officers as may be named and appointed by the board, at rates of compensation

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fixed by the board, and serving at the pleasure of the board. No officer of the Corporation shall receive any salary from any source other than the Corporation during the period of his employment by the Corporation.

(c) The board shall be elected annually by the holders of common stock. No stockholder shall vote, either directly or indirectly, through the votes of subsidiaries or affiliated companies' nominees, or other persons subject to his direction or control, for more than two candidates for membership on the board. Provision for cumulative voting may be inserted here.

Financing of the Corporation

Sec. 304. (a) The Corporation is authorized to issue and have outstanding 10,000 shares of common stock. Shares of common stock shall be issued in such amounts as the Corporation shall determine provided that shares of common stock, as initially issued, shall be sold at a price of not less than \$100,000 for each share.

(b) The Corporation is also authorized to issue such non-voting securities, bonds, debentures, and other certificates of indebtedness as it may determine.

(c) No person or company including subdivisions or affiliated companies subject to its direction or control, shall be authorized to own more than 15% of the authorized common stock or more than 25% of the outstanding common stock.

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(d) The provisions of Section 310 of the Federal Communications Act of 1934 shall be applicable to ownership of shares of stock in the Corporation.

Purposes and Powers of the Corporation

Sec. 305. (a) In order to achieve the objectives and to carry out the purposes of this Act, the Corporation is organized to

(1) furnish, for hire, channels of communication to United States communications common carriers and to other entities engaged in rendering public communication services;

(2) plan, initiate, construct, own, manage, and operate itself or in conjunction with foreign governments or business entities a commercial satellite communications system.

(b) Included in the activities authorized to the Corporation for accomplishment of the purposes indicated in Subsection (a) of this Section, are, among others not specifically named,

(1) conduct or contract for research and development related to its mission;

(2) acquire the physical facilities and hardware necessary to its operations, including communications satellites, earth stations, and associated ground equipment, whether by construction, purchase, or gift;

(3) purchase satellite launching and related services from the United States Government;

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(4) contract with authorized users, including the United States Government, for the services of the communications satellite system;

(5) develop plans for the number and location of earth stations, and for the technical specifications of all elements of the communications satellite system.

(c) To carry out the foregoing purposes, the Corporation shall have the usual powers conferred upon a stock corporation by the District of Columbia Business Corporation Act.

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TITLE IV -- MISCELLANEOUS

Applicability of Communications Act of 1934

Sec. 401. The Corporation shall be deemed to be a common carrier within the meaning of Section 3 (h) of the Communications Act of 1934, as amended, and as such shall be fully subject to the provisions of Title II and Title III of said Act.

Conduct of Foreign Negotiations

Sec. 402. The Corporation shall not enter into negotiations with any international agency, foreign government or entity without a prior notification to the Department of State, which will conduct or supervise such negotiations. All agreements and arrangements with any such agency, government, or entity shall be subject to the approval of the Department of State.

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